

**AGENDA ITEM:** Library of California Budget

Library of California Regulations require that regional networks file their plans of service by April 1. There does not appear to be any provision to waive or modify this date, although they can provide revised Plans of Service after that date. According to regulations:

*“20320 Regional Library Network Long-Range Plan and Annual Plan of Service.*

*(b) The annual plan of service shall provide for:*

*(1) services to advance the regional library network’s long-range goals and objectives; and*

*(2) a budget proposed for the next fiscal year.*

*(c ) Following approval by the regional library network council, the long-range plan and annual plan of service shall be submitted annually to the state board by April 1 of the fiscal year immediately preceding the fiscal year for which funds are requested.”*

Regional networks must have a reasonable estimate of funding that will be made available to them in 2001/02 if they are to develop realistic Plans of Service by the April 1 deadline. Staff requests assistance from the Board in establishing preliminary policies and procedures to provide some preliminary estimates for regional networks prior to formally allocating the FY 2001/02 Library of California budget at the April 2001 Board meeting. Issues include:

1. Preliminary allocation of funds between statewide and regional library network service programs.
2. Preliminary identification of one or more models for allocating funds for regional network services among the seven regional library networks.
3. Identification of a process for developing an allocation plan for the LoC budget for FY 2001/02.

## BACKGROUND:

### *The Governor's Budget*

The Governor's Budget includes "An augmentation of \$3.2 million to continue the implementation of the Library of California." Staff has been advised that the \$3.2 million is to be used for compensation to reimburse libraries to share their materials with other libraries. This does not necessarily mean that funding must be used solely for loan reimbursement or for a transaction-based reimbursement model. It is possible that, with the concurrence of the Department of Finance, some portion of these funds could be used to support other programs that directly relate to the loan program. These might include regional and statewide delivery, telecommunications access to, and support of, regional ILL/gateway servers, and developmental models such as a pilot electronic interlibrary loan delivery project. Prior to allocating funds for any additional program, concurrence must be obtained from the Department of Finance.

In the 2001/02 fiscal year, there is no opportunity to carry over earlier funds. The program enters the 2001/02 fiscal year with all program elements requiring funding consideration. Staff recommends that priorities be set to ensure continuation of needed programs and services since all current programs and services combined are likely to exceed the annual LoC budget, even with the \$3.2 million augmentation.

At the statewide level LoC programs include the following:

- Loan compensation
- Librarians' Index to the Internet
- LoC Periodicals/Serials Database
- Z39.50 Server Software Grants
- Licensed Databases

At the regional level LoC programs include the following:

- Reference and Information Services
- Delivery
- Training
- Administration including development and support of the network council
- Public Relations
- Telecommunications
- Intraregional communications

The following table identifies the available funding and anticipated statewide commitments. For the purposes of discussion the cost of approved statewide programs that have recurring costs are identified. Continuation of these programs is at the discretion of the Board.

Table 1

**LIBRARY OF CALIFORNIA ALLOCATION  
2001/02**

**Local Assistance**

2001/02 Baseline	\$3,988,000
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**Statewide Programs (optional)**

Librarians' Index to the Internet	\$281,600
LoC Serials/Periodicals DB	- \$357,500
GRC	
LoC Serials/Periodicals DB	- \$68,200
CDL	
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	\$707,300

2001/02 Baseline Balance	\$3,280,700
(i.e., \$3,988,000-\$707,300)	

New 2001/02 Funding	\$3,200,000
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*Possible Allocation of Regional Network Funds*

Staff believes it is essential to continue funding for regional library network services and proposes consideration of some funding formula that addresses differences in population or membership. Possible formulas might include:

- Allocation of funds by dividing them equally among regional library networks (the current model)
- Allocation of funds by regional library network members
- Allocation of funds by regional library network service area population
- Some combination of the above, perhaps a base amount for each network, plus an allocation by percentage of members or population.

Exhibit A demonstrates how these various formula options would play out, using a balance of \$3,280,700 and a base amount of \$200,000 per network for demonstration purposes only. Staff requests guidance from the Board in selecting or developing one or more allocation models.

Based on guidelines established at this February Board meeting, staff will refine proposed budget and allocation models and will discuss the range of options available to the Board regarding the allocation of the new \$3.2 million with the Department of Finance. Once these issues are addressed, new budget models will be transmitted to the regional library networks and to the Board for comment with the expectation that a revised budget that includes both current and new funding can be brought to the Board in April. Differences between any planning model agreed to in February and a final model adopted by the Board in April would then be incorporated into revised network Plans of Service, to be submitted for consideration at the June Board meeting.

To facilitate Regional Library Network Plan of Service development prior to the April 1 date of submission, staff proposes the following as an interim budget allocation model:

1. That the \$3,280,700 baseline balance from Table 1 of this report that is not allocated to statewide programs be allocated to the regional library networks, as a funding target, for the purpose of developing their plans of service.
2. That the \$3,280,700 baseline balance be divided among the regional library networks for the purpose of planning according one of the models described in Exhibit A.
3. That Regional Library Network Plans of Service address the same seven service priorities as determined by the Board at its November 2000 meeting.
  - ◆ Reference and Information Services (Sect. 18846)
  - ◆ Delivery (Sect. 18842(c))
  - ◆ Training (Sect. 18845)
  - ◆ Administration including development and support of the network council (Sect. 18841)
  - ◆ Public Relations (Sect. 18847)
  - ◆ Telecommunications
  - ◆ Intraregional communications

Relevant Committee: Committee of the Whole  
Staff Liaisons: Mark Parker/Diana Paque